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**CSR Asia  
Supply Chain talks back  
Conference 2006**



**ENGAGEMENT**  
migros.ch

# Implementation of ecological standards in the textile supply chain

## Topics

- About us
- Facts & Figures
- eco-Principles
- eco-Monitoring
- Verification Process
- gsm econet
- Performance Improvements

## Company Profile



**gsm** – Global Sustainable Management is a private company founded in 2003 with the legal status of a German limited company (GmbH).

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### Staff

At the German headquarter in Cologne specialists mainly with an engineering background are employed. The Cologne team is supported by representative offices in Hong Kong, China, Japan and Thailand and a global network of freelance professionals.

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### History

Initially the main focus was given to the implementation of socio-ecological standards in the textile and apparel industry.

As a logical consequence projects in other industries such as aquaculture & fishery, toys and electronics shortly after the company was established have lead to an extension of services caused by a global market need for in-depth supply chain knowledge and experience.

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### Competences

Long term experience in screening supply and value chains of consumer goods followed by assessment and weak-point-analysis leading to traceability systems.  
Project management and realization, training and seminars.  
Field experience in verification and implementation of requirements in the compliance areas environment, health & safety, social responsibility and quality.

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## Services

gsm Global Sustainable Management offers holistic and sustainable solutions for assurance of corporate specific requirements in the areas of CSR, Environment, Quality and Legal Compliance.

Our service portfolio contains ranking systems for evaluation of supplier performance, product conformity and processes within the supply chain.

Together with our partner organisations CSR Asia and 3p Consortium for Sustainable Management we provide **One Stop CSR Solutions** on a modular basis including:

- Design of individual CSR strategies & implementation
- Reporting Systems
- Performance Assessment, Implementation and Monitoring within the supply chain
- Risk Assessment and Management
- Complementary IT-based Services
- Training
- Capacity Development Projects

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## References

**MIGROS**

Federation of Migros Cooperatives, Switzerland  
eco-Monitoring Non-Food Apparel & Textiles

**AEON**

Aeon Co.,Ltd., Japan  
Code of Conduct – Monitoring Food und Non-Food

**GLOBUS**

Globus, Switzerland  
CSR-Projects Non-Food

 **BSCI**  
Business Social Compliance Initiative

FTA/BSCI, Brussels  
Consulting and ‚Qualifyer‘ within the BSCI-Program

Partner of German Consumer Associations for CSR-Projects

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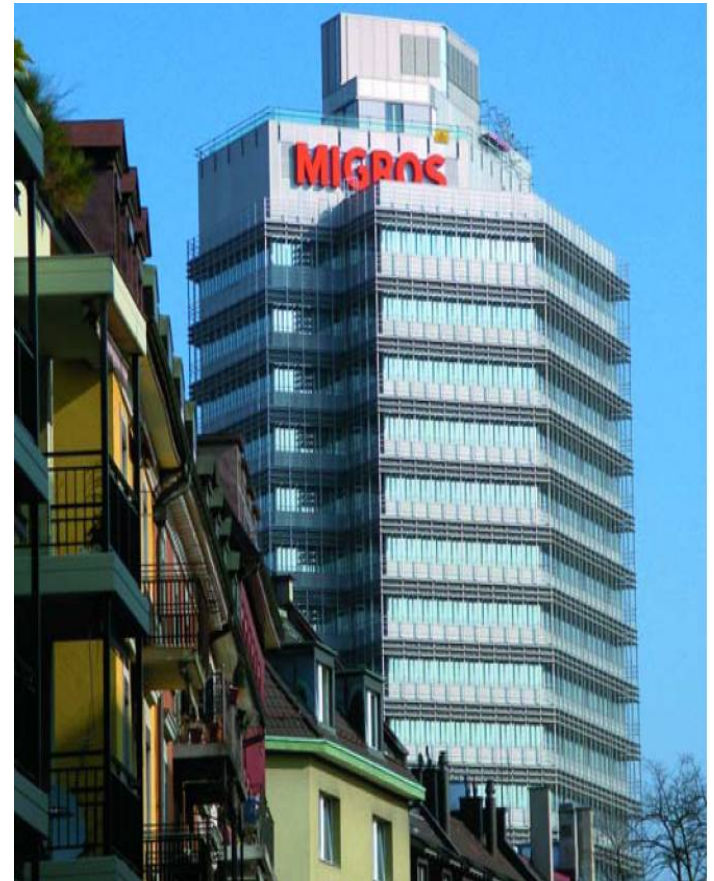
**Case Study:  
eco-Monitoring**

**MIGROS**



## Facts & Figures

- Federation of Migros Cooperatives (FMC)
- founded in 1925
- the leading retailer in Switzerland
- Migros is the most popular brand in Switzerland
- Largest private employer
- 25% market share in Switzerland
- Around 20 bn. CHF turnover in Migros group
- Migros owns
  - supermarket stores
  - specialised markets (Furniture, DIY, Sport, Electronics)
  - industry and production
  - service companies (bank, travel agencies, petrol stations)
- 1% of turnover is invested into cultural activities



## Facts & Figures



- eco-Monitoring since 10 years for apparel & textiles
- over 50 Mio. pieces apparel, home textiles and hard goods have been verified 2004
- 3200 articles are complying with the eco-criteria
- 400,5 Millionen Swiss Francs turnover
- 70% Apparel Assortment = eco
- 80% Home Textile Assortment = eco
- 150 eco-suppliers and more than 3,000 partners within the supply chain are participating successfully in the eco-program

## Organic Cotton



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- Since 2001
- 11 Mio CHF turnover
- Home textiles, Baby, Children, Night- & Underwear, socks



## eco-Principles

- Systematic and preventive assurance of criteria defined by MIGROS through modules such as, assessments, audits, tests and process monitoring.
- Detection of non-conformities at the earliest stage possible - Begin of Pipe Approach
- Focus on critical variables in the in-bound Supply Chain

## Eco-Principles

The eco-program is based on three principles:

### **AVOID, REDUCE, IMPROVE**



- no ecological niche-products
- applicable worldwide in all procurement markets
- Maximum safety through systematic approach and involvement of supply chain
- Articles from ,regular' assortment
- human ecology, process ecology, site ecology, workplace safety, environmental compliance

## eco-Monitoring

Eco-Monitoring means assurance and compliance of previously defined eco-criteria on a sustainable basis focused on the critical processes in the Supply Chain.

The objective is to offer ecologically optimised products to the final customers/consumers and to improve supplier's eco-performance.



## eco-Monitoring

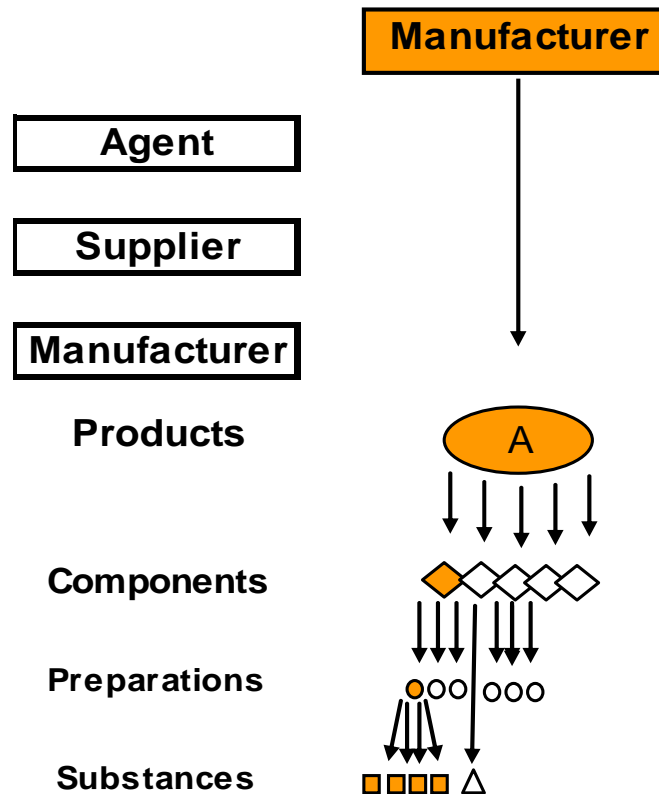
- Awareness creation and support for suppliers and producers
- Communication of requirements and expectations
- Verification of conformity with defined eco criteria
- Elaboration of corrective actions in case of non-conformities
- Monitoring of implementation

## Verification Process

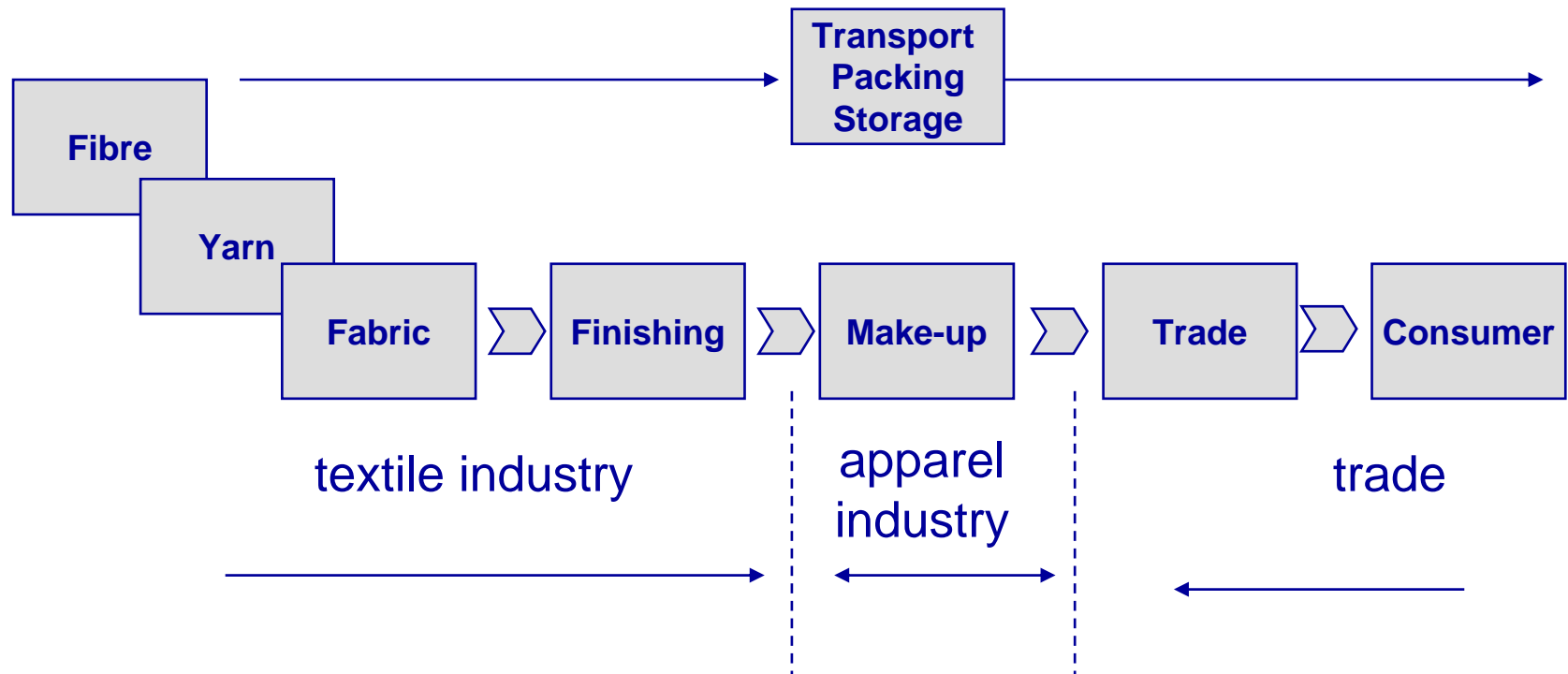
- ➔ ■ Supply Chain Transparency
  - who is doing what where when and how?
  
- Collection and evaluation of relevant data and documentation on processes, products and sites
  
- Verification of Conformity with MIGROS ´eco requirements
  
- Factory Checks, Site Audits and Random Tests
  
- Corrective action plans and monitoring of implementation in case of non-conformance

# Supply Chain Scenario

***Black Box of Intermediaries***



## Challenge Textile & Apparel Industry




## Verification Process

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# Supply Chain Traceability

SC-Matrix		Please list names and addresses of the involved suppliers and manufacturers and mark the respective component and/or process accordingly. Bitte geben Sie die Namen und Anschriften der involvierten Zulieferer und Hersteller an und ordnen Sie diese den entsprechenden Komponenten und/oder Prozessen zu.																						
 GROS ARTICLES:		APPLIED X	Processes / Prozesse							Components / Komponenten														
			WASHING	CUTTING / MANUFACTURING	SUBSEQUENT MANUFACTURING	COATING / FINISHING	DYEING	PRINTING	FABRIC	YARN	FIBRE	SEWING / THREADS	EMBROIDERY / PANTS	BUTTONS	LINING	INTERLINING / LABELS	ZIPPER	HOOSES/STAPLES	SEQUINES	LACES	SHOULDER PADS	ELASTICS	OTHERS	
SUPPLIERS / LIEFERANTEN																								
Name	Address (Street, City, Country)																							
Activity	Producer: <input type="checkbox"/> Agent: <input type="checkbox"/>																							
Name	Address (Street, City, Country)																							
Activity	Producer: <input type="checkbox"/> Agent: <input type="checkbox"/>																							
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# SECTION - PROCESSING

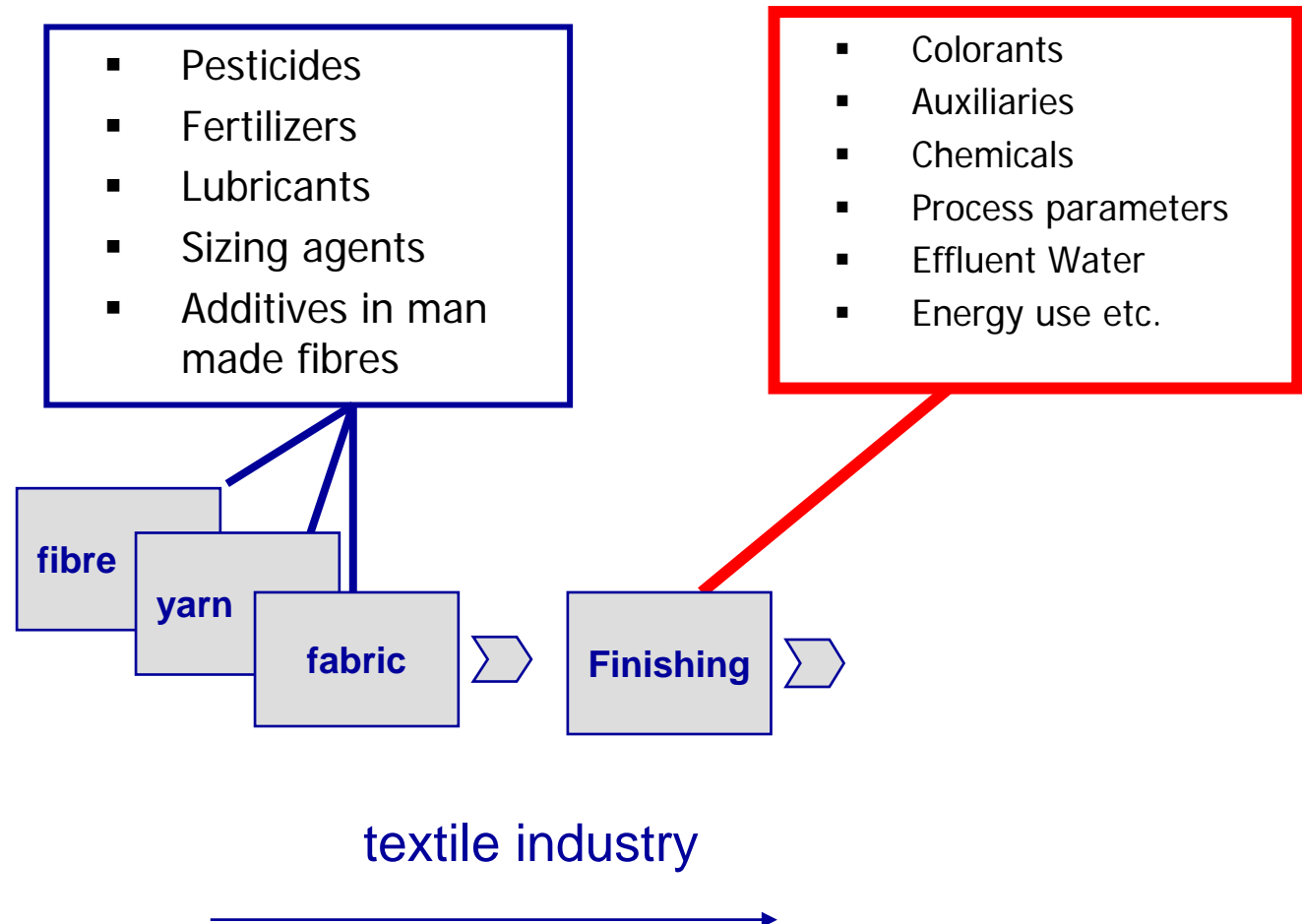
## Performance Assessment

				Evaluation / Bewertung
16	<b>Goods are treated as: In welcher Form wird die Ware behandelt:</b>			
	top / Flocke			
	yarn / Garn			
	piece / Stück			
others / Andere:				
17	<b>Please indicate the material supplier; Bitte geben Sie die Lieferanten der Rohmaterialien:</b>			
	Fabric / Stoff	Yarn / Garn	Fibres / Fasern	
18	<b>How have you been informed about the Migros eco-requirements? Wie wurden Sie über die Migros eco-Anforderungen informiert?</b>			
19	<b>How do you assure the compliance with the Migros eco-requirements? Wie sichern Sie die Einhaltung der Migros eco-Anforderungen ab?</b>			
20	<b>Please explain briefly the applied processes for the above mentioned articles handled by your organisation: Bitte nennen Sie kurz die von Ihnen angewandten Prozessschritte für die oben genannten Artikel:</b>			
21	<b>Please mark the applied processes. Bitte kreuzen Sie die angewandten Prozessschritte an.</b>			
22	washing / Vorwaschen		desizing / Entschlichten	
	mercerisation / Merzisierung		boiling, lyeing / Beuchen, Laugieren	
23	<b>Are any other processes applied for the pre-treatment of the fabrics/yarns? Werden weitere Verfahren zur Vorbehandlung der Ware eingesetzt?</b>			Yes / Ja   No / Nein
	if yes, please indicate the processes: wenn ja, bitte geben Sie die Verfahren an.			
23	<b>Please indicate all used Substances for the above mentioned processes with full trade name, the name and address of the supplier and producer. Geben Sie bitte den Handelsnamen der verwendeten Substanzen für die oben angegebenen Prozesse sowie Namen und Anschrift des Lieferanten und Herstellers an.</b>			
	product name/ Produktname	name and adress of the product supplier / Name und Adresse des Produkt-Lieferanten	name and adress of the product producer / Name und Adresse des Herstellers	

## Verification Process

- Supply Chain Transparency
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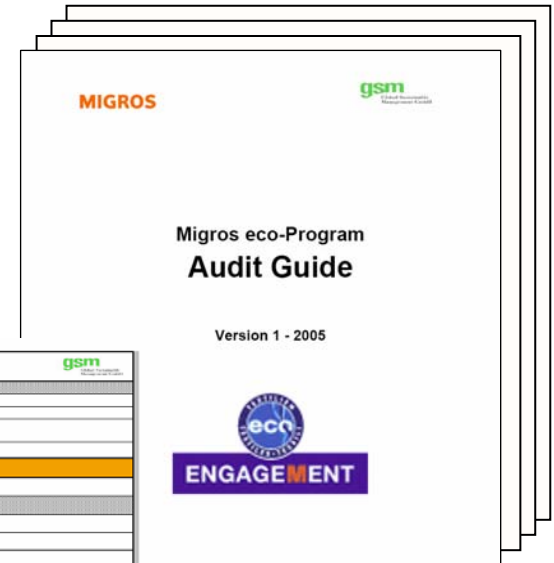
## Weak Point Analysis



## Verification Process

- Supply Chain Transparency
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- Audit-Guideline and Audit-Checklists

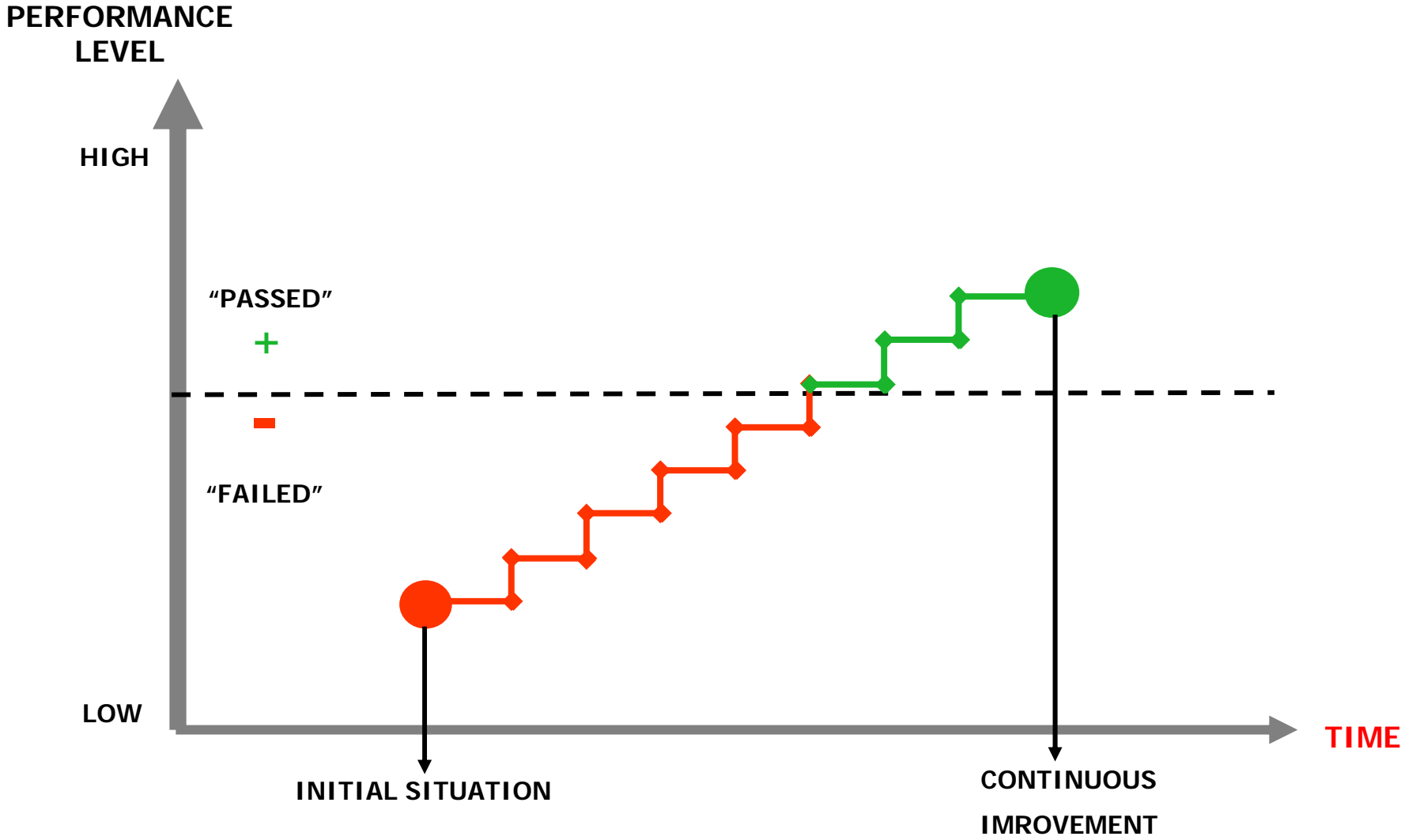


M Migros eco-site-Audit		gsm	
1	Auditnumber		
2	Title Title		
3	Date		
4	Authority		
5	Audit organization		
<b>A. MASTER DATA</b>			
6	Company name		
7	DICOM number	to be filled by gsm	
8	Street		
9	ZIP Code City		
10	Country		
11	Phone		
12	Fax		
13	E-mail		
14	Contact person		
15	Preferred Language		
16	Phone		
17	E-mail		
18	Year of Foundation		
19	Legal status		
© gsm		1 / 8	A. MASTER DATA CHECK LIST

## Verification Process

- Supply Chain Transparency
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# Continuous Improvement



## Monitoring Process

- Each step within the supply chain has to provide evidence of conformity by completed self-assessments, documentation of used ingredients, Material Safety Data Sheets or test reports
- Every manufacturer within the chain is taking over responsibility
- Verification on spot through re-audits



# gsm eco net

File Edit View

Job-List Job-Details

Contract #:  Contract Date: (Day.Month.Year)

Contract requested: (Day.Month.Year)

Date of receipt:

Type:

KeyAccount:

Articles Article Details Article Audit Article Accounting

Eco-Qualification

qualified:

qualification date:

PM info date:

non conformity:

Eco-Certification

certified:

certification date:

PM info date:

non conformity:

Delivery without eco-Label:

Fertig

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## Performance Improvements

- Substitution of Chlorine Bleaching by Hydrogeneperoxide
- Avoidance of PVC in prints and badges
- Avoidance of allergenic dyestuffs in all components including accessories and trimmings
- Substitution of detergents and auxiliaries containing APEOs (Alkylphenoethoxylates)
- Reduction of heavy-metals in dyestuffs expecially for wool items
- Avoidance of softeners based on Phtalathes
- and more ...

## Performance Improvements

Actual case studies season fall/winter 05

### **Men's Sweater**

APEO-based (Alkylphenoethoxylat) detergent could be replaced through more environmentally compliant auxiliary.

### **Girl's T-Shirt with application**

Application made of stock material; carcinogenic dyestuffs have been detected. The application has been changed in co-operation with the buyer.

### **Printed kids' wear**

PVC in printing is replaced by PVC-free printing systems in co-operation between supplier, printer and chemical industry.

## Performance Improvements

Actual case studies season fall/winter 05

### **Bleaching Process for socks made in Italy**

The bleaching process with chlorine could be changed into bleaching with hydrogen peroxide.

### **Heavy metals in dyes used for socks made in Italy**

With a dyeing mill in Italy we are in the optimisation process for their dyestuff range concerning metal-complex and acid dyes.

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The end

**WE APPRECIATED  
YOUR ATTENTION!**